Packaged retail and insurance-based investment products (PRIIPs): key information documents. Extension of the transitional arrangement

2021/0215(COD) - 15/07/2021 - Legislative proposal

PURPOSE: to extend the transitional arrangement for management companies, investment companies and persons advising on, or selling, units of undertakings for collective investment in transferable securities (UCITS) and non-UCITS.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: Regulation (EU) No 1286/2014 enables retail investors to better understand and compare packaged retail and insurance-based investment products (PRIIPs) and make better-informed investment decisions. To meet its objectives, Regulation requires PRIIPs manufacturers to comply with a uniform set of product disclosure requirements and provide retail investors with a key information document (KID) on each PRIIP they offer.

Article 32 of Regulation (EU) No 1286/2014 provides for a transitional arrangement whereby management companies, investment companies and persons advising on, or selling, units of UCITS and non-UCITS within the meaning of Directive 2009/65/EC of the European Parliament and of the Council are temporarily exempted from the requirement to provide retail investors with a KID. This arrangement currently applies until 31 December 2021.

Commission Delegated Regulation (EU) 2017/653 supplements Regulation (EU) No 1286/2014 by laying down regulatory technical standards with regard to the presentation, content and standard format of the key information document.

The Commission adopted Commission Delegated Regulation amending Delegated Regulation (EU) 2017/653 to make it easier for management companies, investment companies, and persons advising on, or selling, units of UCITS and non-UCITS. However, the date of application of Delegated Regulation has been set on 1 July 2022 to give those management companies, investment companies, and persons advising on, or selling, units of UCITS and non-UCITS sufficient time to prepare for the end of the transitional arrangement and thus for the obligation to draw up a key information document.

This proposal is accompanied by a proposal amending Directive 2009/65/EC as regards the use of key information documents by management companies of undertakings for collective investment in transferable securities (UCITS).

CONTENT: the Commission proposes to **extend the transitional arrangement** provided for in Regulation (EU) No 1286/2014 **until 30 June 2022**. This will give stakeholders sufficient time to prepare for the end of the transitional arrangement and implement the other proposed measure (which provides for amendments to Delegated Regulation (EU) 2017/653).

Under this proposal, Regulation (EU) No 1286/2014 would apply to management companies, investment companies and persons advising on or selling units of UCITS and non-UCITS on the same date as the amendments to Directive 2009/65/EC and Delegated Regulation (EU) 2017/653, i.e. **from 1 July 2022**.